

No. 2018- 5578

**OFFICIAL ORDER  
of the  
TEXAS COMMISSIONER OF INSURANCE**

Date: JUL 16 2018

**Subject Considered:**

CIGNA HEALTH AND LIFE INSURANCE COMPANY  
900 Cottage Grove Road  
Bloomfield, Connecticut 06002

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 14552

**General remarks and official action taken:**

The subject of this order is whether disciplinary action should be taken against Cigna Health and Life Insurance Company (Cigna).

**WAIVER**

Cigna acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. Cigna waives all of these rights and any other applicable procedural rights in consideration of the entry of this consent order.

Pursuant to TEX. INS. CODE § 82.055(b), Cigna agrees to this consent order with the express reservation that it does not admit to a violation of any provision of the Insurance Code or rule or regulation of TDI and Cigna maintains the existence of any violation is in dispute.

**FINDINGS OF FACT**

1. The Texas Department of Insurance (TDI) issued Cigna life, health, and accident license no. 63800 on July 1, 1975. TDI approved Cigna for third party administrator authority under the same license number on April 8, 2016.

**Out-of-Network Referrals**

2. On June 1, 2015, the 84<sup>th</sup> Texas Legislature, Regular Session, enacted House Bill (HB) 574, effective September 1, 2015. HB 574 added new requirements for preferred provider benefit plan issuers under TEX. INS. CODE Chapter 1301. TEX. INS. CODE § 1301.0058(c) states three authorized disclosures that an insurer's contract with a preferred provider may require.

3. On May 13, 2016, TDI issued Commissioner's Bulletin B-0012-16 to remind insurers about HB 574.
4. Subsequent to the enactment of HB 574, Cigna's out-of-network referral disclosure form contained language not expressly authorized by statute.
5. Prior to the entry of this consent order, Cigna revised its out-of-network referral disclosure form to comply with HB 574, and TEX. INS. CODE § 1301.0058(c).

### **Cigna Provider Terminations**

6. To inform insureds about possible higher out-of-pocket expenses from out-of-network provider referrals, Cigna requires its preferred providers to personally complete and execute its out-of-network referral disclosure form each time they refer an insured to an out-of-network provider, except in the case of a medical emergency.
7. Between July 2, 2017, and December 19, 2017, Cigna delisted seven providers from its provider network for failing to use or properly administer Cigna's out-of-network referral disclosure form.

### **Notification of Provider Terminations**

8. For a period of time, Cigna was entering provider termination data into Cigna's systems in a manner that automatically generated patient notification letters to 362 patients of four Cigna preferred providers.
9. Upon discovering that its system had generated and prematurely sent provider termination letters to its enrollees, Cigna made efforts to promptly notify these insureds. Cigna has modified its provider termination notification process to comply with TEX. INS. CODE § 1301.160(a).

### **CONCLUSIONS OF LAW**

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 31.002, 82.051-82.056, 84.021-84.022, 1301.001, 1301.0058, and 1301.160; TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to informally dispose of this matter as set forth under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 82.055 and 36.104, and 28 TEX. ADMIN. CODE § 1.47.
3. Cigna has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and

service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.

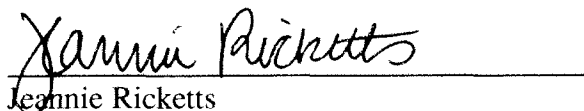
4. Cigna violated TEX. INS. CODE § 1301.0058(c) because its out-of-network referral disclosure form contained disclosures to insureds beyond those authorized by TEX. INS. CODE § 1301.0058(c).
5. Cigna violated TEX. INS. CODE § 1301.160(a) because it notified insureds of providers' network terminations prior to the later of the effective date of the terminations, or the time at which a review panel made a formal recommendation regarding the terminations.

It is ordered that Cigna Health and Life Insurance Company pay an administrative penalty of \$40,000 within 30 days from the date of this Order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Legal and Enforcement Division 60851, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.



Kent C. Sullivan  
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:



Jeannie Ricketts  
Staff Attorney, Enforcement Section  
Texas Department of Insurance

**AFFIDAVIT**

STATE OF CONNECTICUT        §  
    § BLOOMFIELD  
 COUNTY OF HARTFORD        §

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

“My name is EDWARD P. POTANKA. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of ASSISTANT SECRETARY, and am the authorized representative of Cigna Health and Life Insurance Company. I am duly authorized by said organization to execute this statement.

Cigna Health and Life Insurance Company waives rights provided by the Texas Insurance Code and other applicable laws, and acknowledges the jurisdiction of the Texas commissioner of insurance.

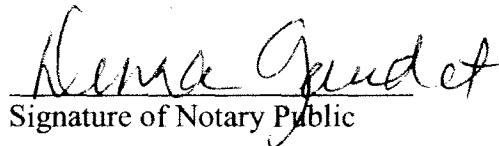
Cigna Health and Life Insurance Company is voluntarily entering into this consent order. Cigna Health and Life Insurance Company consents to the issuance and service of this consent order.”



Affiant

SWORN TO AND SUBSCRIBED before me on May 24, 2018.

(NOTARY SEAL)

  
 Signature of Notary Public

Donna Gaudet  
 NOTARY PUBLIC  
 State of Connecticut  
 My Commission Expires 7/31/2022